FINANCIAL NEWS

Sambo's cites adjustments in 2nd-qtr. loss

CARPENTERIA, Calif.—Sambo's Restaurants Inc. reported a net loss of $43.2 million for the second quarter ended July 1. But company sources asserted the loss was anticipated and the results should now improve.

Included in the loss is $32.5 million in adjustments to the carrying value of assets.

For the same period last year Sambo's reported a net loss of $7.3 million.

Sales for the second quarter of 1982 were $74.2 million compared to $126.6 million in last year's second quarter. The chain operated 666 restaurants on July 1 compared to 1,117 on July 2, 1981.

For the first half of 1982, Sambo's sustained a net loss of $54.0 million vs. a $16.7-million net loss in last year's comparable period.

The second-quarter reappraisal of assets by the current regime of ceo Robert Luckey and chief operating officer Roger Kisiel includes a $10.7-million reduction in the carrying amount of capitalized leased property. Other adjustments are an $8.8 million reduction in the carrying amount of property held for sale, a $3.9 million write-off of investments in repurchased joint venture interests, a $3.7-million adjustment of inventories to net realizable value and a $3-million write-off of signs in connection with the company's new restaurant program.

Rounding out the $32.5-million schedule of adjustments are a $1.6 million provision for maximum rent liability in connection with a lease disposition program and $800,000 in miscellaneous accruals and adjustments.

Had the adjustments not been stated in the second quarter the company would have posted a $10.7 million net loss. In the preceding quarter ended April 1, when the effects of normal winter slowdown might have been considered a factor, the company's losses of $10.8 million were virtually the same as in the subsequent three months.

The Luckey-Kisiel executive team took over the beleaguered company in the midst of Chapter XI bankruptcy proceedings in mid-February.

In addition to the second-quarter adjustment of assets, Sambo's has retroactively restated its financial statement for the year ended December 31, 1981. The company, which had reported a net loss of $53 million, now figures that loss at $84.5 million.

Revisions for fiscal 1981 include an increase in the provision for the carrying value of capitalized leased property in the amount of $15.6 million. Also included were an estimated rent liability of approximately $6 million for restaurants closed in 1981, and a reversal of $9.9 million in income tax credits.

In a joint statement issued on Aug. 30, Luckey and Kisiel reported on the addition of key corporate management personnel and continuing work on new restaurant concepts.

Sea Galley repossesses 7 Va. units

MOUNTLAKE TERRACE, Wash.—Sea Galley Stores Inc., owner and operator of 44 Sea Galley Restaurants and four Family Fish Houses, has announced plans to repossess seven Virginia restaurants sold to Tidewater Fish House Enterprises Inc. in 1981.

The action follows a default on the part of Tidewater to meet the terms of its five-year purchase contract for the units.

Sea Galley, which will assume none of Tidewater's liabilities, expects no profit or loss effect arising from this transaction.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended Sept. 25							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin							Last Fiscal Year (Per Share)		
Name	Symbol	High	Low	Close	Change Amt.	Change Pct.	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct.			Latest P/E Ratio	Indicated Dvd. Rate Amt.	Indicated Dvd. Rate Yield	Last X-Dvd. Date	Last Fiscal Year Revenue	Last Fiscal Year Earnings	Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Aca Los A Res	ALAR	6.00	5.63	5.75	-.13	-2.13	7.50	3.50	-.02	-1.03	2.58	38.02	.47	-.43	N	-95.5	-25.0	4.3	287.5	.00	.0	01-06-81	27.7	1.2	2.4	5.69	2.90	1081
Am Motor Inns	INN	20.75	18.75	19.88	1.00	5.30	20.88	10.00	.09	-.09	4.47	-18.97	2.17	.44	F	25.4	35.0	7.0	9.2	.22	1.1	08-10-82	142.3	8.9	1.5	15.62	10.87	0781
ARA Services	ARA	34.25	32.25	33.50	.50	1.52	34.25	23.50	.29	.76	-2.60	13.33	4.00	-1.28	N	-27.0	-2.0	1.5	9.7	2.00	6.0	08-26-82	2915.9	45.1	1.2	21.04	44.21	0981
Assoc Hosts	AHST	5.75	5.63	5.75	.00	.00	6.50	4.88	-.06	-.19	1.17	54.17	.66	-.01	N	-1.5	-10.0	2.6	9.1	.12	2.1	09-07-82	79.9	2.1	1.5	6.40	7.04	0981
Beefstk Char	BSCC	6.00	5.00	5.50	-.38	-6.38	6.50	2.88	.00	1.95	6.04	7.21	.62	.11	S	18.9	32.0	2.4	8.0	.00	.0	00-00-00	86.2	2.1	1.2	1.49	3.09	1081
Bob Evans Farms	BOBE	25.25	24.75	25.00	.00	.00	25.75	16.59	-.17	.12	1.62	15.39	1.45	.20	Q	16.0	24.0	7.9	17.2	.36	1.4	08-16-82	173.4	13.7	1.7	.00	6.90	0482
Bonanza Intl Inc	BNZA	2.00	1.75	1.75	-.25	-12.50	2.38	1.06	-.36	-.42	3.58	9.70	-3.33	-2.56	S	NE	-65.0	-61.8	NE	.00	.0	00-00-00	24.1	-14.9	1.2	11.24	1.50	1281
Brock Hotel Cp	BHC	14.38	11.00	12.00	-1.63	-11.93	17.50	9.63	.05	.87	1.19	-48.80	.59	.40	S	129.0	24.0	4.3	16.9	.10	.8	09-27-82	165.1	7.1	1.2	11.01	3.90	1281
Calny Food	CLNY	10.50	8.50	10.50	2.00	23.53	10.50	7.16	-.12	5.38	12.98	47.19	1.11	.11	Q	11.8	5.0	3.2	10.1	.20	1.9	07-29-82	37.0	1.2	.6	1.51	2.27	0282
Carrols Develop	CRL	6.88	5.63	6.63	.88	15.22	6.88	3.97	.29	.17	4.68	-28.65	.66	.27	F	69.2	44.0	1.9	10.0	.09	1.4	12-24-81	68.6	1.3	.6	9.82	5.99	0582
Chart House	CHHO	23.63	22.63	23.00	.00	.00	23.63	15.88	.21	.37	2.37	-11.67	2.03	.23	S	12.4	14.0	5.0	11.1	.60	2.6	06-24-82	353.9	17.7	.9	14.53	10.14	1281
Chi-Chis	CHIC	21.25	18.75	21.25	2.38	12.58	21.25	10.84	.70	1.13	-2.21	26.37	.55	.22	Q	55.0	26.0	11.1	34.3	.00	.0	06-28-82	14.9	2.1	3.1	1.10	1.23	0481
Ch Full O Nut	CHF	17.00	15.38	16.75	1.00	6.35	18.00	9.25	-.51	.31	-1.11	-18.32	.66	-.44	N	-51.1	20.0	2.7	39.9	.40	2.4	07-01-82	118.7	3.2	3.4	.80	5.42	0781
Churchs Fr Ch	CHU	33.38	30.50	31.38	-1.75	-5.28	33.50	25.00	.23	.02	1.94	-.97	3.52	-.06	N	-1.7	16.0	10.8	9.2	1.00	3.2	07-26-82	412.1	44.6	1.9	1.02	15.25	1281
Cindys Inc	CNDYC	3.88	3.13	3.75	.63	20.00	3.88	2.50	-.08	5.16	.18	30.36	-.06	1.37	F	NE	NE	-.6	NE	.00	.0	00-00-00	17.0	-.1	.0	7.17	.29	1281
Collins Foods	CF	17.50	15.63	16.25	.25	1.56	17.50	7.75	.33	-.29	-1.74	6.79	1.69	.57	Q	43.8	15.0	3.2	8.7	.24	1.5	09-24-82	298.0	9.6	1.3	7.44	10.69	0482
Consul Corp	CNSL	8.38	7.25	8.38	1.13	15.52	8.38	5.25	.61	.82	5.37	12.26	.00	.08	F	NE	NE	.0	NE	.00	.0	00-00-00	17.6	.0	.7	2.21	2.88	0582
Cracker Barrel	CBRL	11.25	10.75	11.25	.50	4.65	11.25	7.25	.25	.63	4.88	-18.18	1.03	1.03	F	NC	19.0	3.7	10.9	.00	.0	00-00-00	28.5	.9	1.0	5.41	2.74	0781
Dennys Inc	DEN	29.88	27.25	27.75	-1.63	-5.53	30.25	14.75	-.03	-1.59	-1.53	-13.86	2.47	.45	F	22.2	7.0	3.9	11.2	.64	2.3	09-03-82	840.7	26.9	1.5	15.99	13.17	0681
Dunkin Donuts	DUNK	20.25	19.00	20.25	1.00	5.19	20.38	11.13	.23	.67	2.67	-.42	1.82	.25	N	14.0	19.0	8.3	10.0	.36	1.8	08-09-82	68.7	5.7	1.3	11.44	10.61	1081
Frischs	FRS	10.75	9.75	10.63	.25	2.41	11.63	5.78	.17	.39	3.24	34.62	1.87	.50	F	36.4	14.0	3.8	5.7	.40	3.8	09-29-82	101.0	3.8	1.5	6.48	14.12	0582
Hambrg Hamlet	HAMB	5.75	5.75	5.75	.00	.00	8.25	5.00	-.31	-.19	7.07	.00	1.35	1.08	F	400.0	-13.0	3.2	4.3	.00	.0	00-00-00	31.6	1.0	.7	20.45	13.07	0382
Hardwicke	HAWK	1.88	1.75	1.75	.00	.00	4.38	1.38	.19	-.42	12.91	5.43	-2.22	-3.88	S	NC	-62.0	-11.4	NE	.00	.0	00-00-00	30.6	-3.5	1.4	18.38	8.12	0981
Hilton Hotels	HLT	40.00	35.50	36.38	-1.25	-3.32	41.63	27.63	.30	-1.48	-1.56	-5.50	4.22	-.37	S	-9.0	22.0	20.9	9.8	1.80	4.9	08-30-82	539.3	112.6	2.0	4.48	19.98	1281
Holiday Inns	HIA	35.88	33.00	34.38	.88	2.61	36.00	21.88	.47	-.22	1.34	29.25	3.66	1.20	S	47.8	25.0	7.8	9.3	.80	2.3	09-13-82	1765.1	137.4	.8	20.99	25.33	1281
Holiday Inns A	HIA A	53.25	50.00	52.00	1.00	1.96	53.25	33.00	.66	.15	-.76	5.56	NA	NA		NA	NA	NA	NA	.00	.0	00-00-00	NA	NA	NA	NA	NA	NA
Horn & Hardart	HOR	21.13	18.38	20.25	1.25	6.58	21.13	7.28	.37	.27	.25	-.32	1.05	.09	S	10.0	31.0	2.7	20.5	.00	.0	09-27-82	166.1	4.5	1.7	12.59	6.93	1281
Hungry Tiger	HTIG	10.50	8.50	8.50	-.75	-8.11	10.50	6.00	-.60	-2.29	2.62	21.04	.92	.18	N	20.4	41.0	3.2	8.0	.00	.0	08-24-81	49.9	1.6	.8	5.84	4.09	0881
Imperial Grp	IMT	1.75	1.63	1.75	.00	.00	1.88	1.06	-.41	1.29	-4.29	-54.55	.24	.00	F	.0	2.0	2.0	7.3	.14	8.0	09-28-82	8462.9	171.0	1.1	.65	2.08	1081
Intl Dairy Queen	INDQ	16.75	16.25	16.25	-.50	-2.99	16.75	9.25	.15	-.20	3.44	43.10	1.72	.34	S	22.5	38.0	6.1	8.8	.00	.0	00-00-00	91.3	5.6	1.1	9.68	5.82	1161
Int King Tab	IKNG	5.50	5.38	5.38	.38	7.50	5.50	1.75	.88	-.61	-.79	-8.57	.34	1.09	F	NE	-34.0	1.4	15.8	.00	.0	10-09-79	32.0	-1.0	.3	5.42	3.46	0681
JBs Rest	JBBB	7.38	6.50	7.25	.75	11.54	7.63	2.88	.31	-.61	2.40	-32.63	.63	.29	N	53.7	1.0	3.0	8.7	.16	2.2	08-09-82	36.4	1.1	.9	5.18	5.01	0981
Jerrico Inc	JERR	23.88	21.25	21.25	-2.50	-10.53	23.88	15.63	.52	-2.88	-1.86	17.98	1.75	.07	F	4.1	20.0	5.1	12.1	.12	.6	05-10-82	378.2	21.0	1.1	3.69	9.56	0681
Kapok Tr Inns	KTI	3.25	3.00	3.13	-.13	-3.85	4.50	3.00	-1.23	-.24	-3.30	.00	-.24	-.17	N	NE	-31.0	-2.9	NE	.00	.0	00-00-00	13.8	-.4	3.1	1.93	5.84	0981
Kelly Johnston	KEJO	19.63	19.00	19.63	.75	3.97	19.63	10.75	.19	.11	1.42	-3.18	.89	.27	Q	42.8	111.0	8.1	21.8	.00	.0	00-00-00	11.9	.7	.4	.77	.94	0381
Karcher Carl	CARL	16.00	15.38	15.75	.38	2.44	16.13	8.88	.22	.54	-.05	-6.25	1.51	1.69	S	NC	16.0	3.4	9.3	.00	.0	00-00-00	200.6	6.9	1.9	6.43	8.34	0182
Lubys Cafe	LUB	28.88	26.88	28.88	1.13	4.05	32.00	23.50	-.49	1.74	-.27	33.68	1.45	.25	N	18.1	23.0	9.1	17.7	.60	2.1	09-03-82	108.2	9.8	1.1	.90	5.98	0881
Marcus Corp	MRCS	7.13	7.13	7.13	.00	.00	7.25	5.00	-.53	-.05	2.13	-17.20	1.13	-.02	F	-1.7	6.0	5.7	6.3	.00	.0	08-24-81	105.3	6.1	.8	2.85	8.54	0581
Marriott Corp	MHS	48.38	43.00	48.25	3.75	8.43	48.38	31.63	.47	1.55	.05	22.56	3.20	.37	S	12.6	30.0	4.3	14.7	.30	.6	09-20-82	2000.3	86.1	.9	23.23	16.12	1281
McDonalds Cp	MCD	88.25	80.25	87.00	6.38	7.91	88.25	57.38	.12	.41	-1.48	6.73	6.54	.95	S	15.7	18.0	10.7	12.4	1.20	1.4	07-20-82	2477.2	264.8	.5	23.01	34.07	1281
Morrison Inc	MORR	12.38	12.13	12.13	.13	1.04	12.38	8.13	-.28	-.33	.14	-20.82	1.16	.21	F	22.1	8.0	4.1	10.5	.36	3.0	07-12-82	364.3	15.1	1.4	2.95	7.90	0582
Mr Steak	MSST	1.88	1.88	1.88	.13	7.14	3.38	1.75	-.43	.00	-2.82	35.62	.22	-.47	N	-293.7	-23.0	.5	NE	.00	.0	05-29-80	55.7	.3	1.4	3.45	4.70	0981
Nathans Famous	NATH	1.06	1.06	1.06	.00	.00	1.78	.59	.86	.35	.87	-47.14	.03	.86	F	NE	NE	.6	35.4	.00	.0	09-09-82	16.7	.1	.5	.10	1.73	0382
Oakbrook Cons	OKCO	11.00	10.00	11.00	1.00	10.00	11.00	9.00	-.14	2.79	-14.02	.00	1.74	-.83	N	-47.9	3.0	1.3	12.2	.32	2.9	06-08-82	133.4	1.7	.8	5.60	13.02	0981
Orange-co	OJ	7.00	5.25	7.00	1.75	33.33	11.38	4.63	.51	4.51	3.32	35.92	1.01	-.81	N	-84.3	24.0	5.4	46.7	.20	2.9	02-22-82	76.2	4.1	1.9	10.24	7.21	0881
Piccadilly Caf	PICC	16.13	14.63	16.13	1.63	11.21	18.13	13.50	-.05	.72	-.88	-7.41	1.39	.09	F	6.9	14.0	5.9	11.6	.56	3.5	09-09-82	127.2	7.8	1.7	.00	6.40	0681
Pizza Inn	PZA	5.50	5.13	5.13	-.13	-2.38	8.00	4.50	.05	-.98	.46	34.77	.50	-.09	S	-15.2	-7.0	1.0	10.3	.00	.0	00-00-00	133.5	1.4	.9	12.94	6.65	1281
Pizza Time Thea	CHKY	27.00	14.50	17.25	-10.00	-36.70	32.50	14.50	-1.06	2.39	10.77	-12.08	.58	.90	S	529.4	41.0	7.2	16.1	.00	.0	00-00-00	36.2	2.6	3.2	.81	7.87	1281
Ponderosa Sys	PON	21.38	19.50	20.75	-.38	-1.78	22.38	11.75	.33	.31	2.89	-1.06	2.01	.95	S	78.5	-8.0	2.4	9.6	.50	2.4	09-21-82	353.9	8.5	1.0	19.96	16.83	0282
Ramada Inns	RAM	5.38	4.88	5.00	-.13	-2.44	7.38	4.25	-.24	-.88	-1.38	6.31	.05	-1.45	S	-198.6	-29.0	.4	NE	.12	2.4	10-19-81	395.5	1.4	.6	18.98	6.03	1281
Restaur Assc	RA	4.13	3.88	4.13	.38	10.00	5.50	3.25	-.30	1.39	-.88	-14.63	.97	-.33	S	-32.3	46.0	2.4	6.0	.00	.0	00-00-00	99.2	2.4	1.3	3.17	6.38	1281
Saga Corp	SGA	30.75	29.25	30.38	.88	2.97	30.88	16.00	-.03	.33	-.50	40.35	3.35	.99	F	41.9	19.0	1.9	9.1	.56	1.8	08-16-82	819.0	11.6	.9	9.34	14.96	0681
Sea Galley	SEAG	8.75	8.50	8.50	-.13	-1.45	11.00	6.75	.15	-.17	.63	-2.14	.68	-.08	S	-11.5	51.0	4.5	13.9	.00	.0	06-02-81	49.0	2.2	1.8	2.38	4.99	1281
Servico Inc	SRVI	9.00	8.25	9.00	.75	9.09	9.09	6.38	.03	1.65	10.87	-62.35	1.54	-.82	S	-41.8	74.0	3.5	7.9	.00	.0	07-09-82	126.4	4.4	1.1	50.99	5.46	1281
Shoneys Inc	SHON	20.00	19.50	20.00	.50	2.56	20.00	12.00	.02	.45	-3.70	19.81	1.03	.25	N	25.7	21.0	5.5	16.4	.16	.8	06-28-82	269.4	14.8	1.0	1.97	5.03	1081
Skippers	SKIP	7.00	6.50	6.50	-.25	-3.70	7.75	4.25	.74	-.99	-.72	1.59	.73	-.53	S	-51.4	4.0	3.0	13.0	.08	1.2	04-23-82	33.7	1.0	1.2	3.45	6.07	1281
Sonesta Hotel	SNSTZ	13.50	13.50	13.50	-.50	-3.57	14.00	8.50	.08	-.03	2.15	-37.50	.94	-.66	S	-37.0	43.0	1.4	12.1	.20	1.5	06-25-82	145.0	2.1	.9	27.74	10.01	1281
So Hospitality	SHOS	1.75	1.63	1.63	-.13	-7.14	2.00	1.00	-.15	-2.42	1.74	-33.33	.14	.06	F	75.0	12.0	2.5	11.6	.00	.0	00-00-00	20.3	.5	1.0	2.29	-.20	0582
Steak n Shake	STAK	3.00	2.88	2.94	.06	2.17	3.13	2.38	-.30	.51	6.33	22.60	.06	-.15	N	-62.5	-32.0	.5	32.6	.00	.0	05-17-79	56.5	.3	1.2	4.60	2.60	0981
Valles Steak	VLE	6.75	6.75	6.75	-.13	-1.82	6.88	4.25	-.51	-.16	-8.62	.00	-.38	-.43	Q	NE	-36.0	-1.5	NE	.00	.0	11-01-78	66.1	-1.0	1.5	6.27	9.06	0382
Victoria Stations	VSTA	6.75	5.88	6.00	-.75	-11.11	11.00	5.75	-.22	-3.11	-2.00	7.73	.35	1.40	Q	NE	-36.0	1.0	37.5	.00	.0	09-19-79	123.4	1.2	1.0	7.67	10.49	0382
Wendys Intl	WEN	20.50	18.63	19.88	.75	3.92	20.50	12.25	.17	1.25	1.77	18.49	1.52	.14	S	9.7	18.0	7.6	12.6	.28	1.4	05-11-82	486.6	36.9	.6	3.84	7.89	1281
Webb Del E	WBB	7.25	6.38	6.63	-.50	-7.02	8.75	4.88	-.31	-1.42	-1.83	6.70	.56	.64	S	NE	-28.0	1.3	17.0	.00	.0	11-07-80	414.8	5.3	1.1	16.12	13.25	1281
Winners Cp	WNER	11.75	10.88	11.38	.38	3.41	11.75	6.38	.34	-.42	5.40	-19.48	.67	.61	S	321.0	5.0	2.1	14.2	.00	.0	00-00-00	72.7	1.5	.3	13.37	7.09	1281

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Sysco Corp.	12 mos. 12 wks.	7/3			$ 1.71B 475.000	21 29	$ 34.000 9.800	28 32
Chi-Chi's Inc.	13 wks.	7/31			15.591	105	1.744	51
Consul Corp.	3 mos.	8/31			7.168	121	$318,594	48
Southern Hospitality	13 wks.	8/31			5.487	11	$191,820	154
Church's Fried Ch.	13 wks.	9/5			104.928	1	28.920	(4)
La Quinta Motor Inns	13 wks.	8/31			30.985	16	5.002	40

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Expense of 17 restaurant openings cuts General Mills' first quarter earnings

MINNEAPOLIS—General Mills said a weak economy and the expense of opening 17 new restaurants set back first quarter earnings in its 539-unit restaurant group, which includes the Red Lobster Inns chain.

General Mills posted a companywide net profit decline of 11% to $60.5 million for the 13-week first quarter ended Aug. 29. Companywide sales gained 3% to $1.4 billion.

The company does not break out quarterly financial figures for its five divisions.

Despite the set backs, the company predicted an earnings increase for all of fiscal 1983, particularly in its restaurant group where 75 new restaurants are planned. In addition, the earnings decline was expected because the year-earlier period was unusually strong, the company said.

A spokesman said the first-quarter restaurant development expenditures included adding seven restaurants to the Red Lobster chain, for a total of 335 at the end of the quarter.

Four Darryl's restaurants opened during the quarter, for a total of 22, and two New York Steak Houses opened for a total of 141, he said.

Three Good Earth restaurants opened—two of them franchised—for a total of 29, plus one new Casa Gallardo opened for a total of 13.

Last year General Mills spent $122.4 million to build 61 company-owned restaurants. It was a 30% spending increase over the year before and represented 43% of the company's capital expenditures, more even than its consumer foods division. Restaurants contributed 19% of the company's operating profits and 12% of its sales last year.

King's Table reverses '81 loss

EUGENE, Ore.—International King's Table Inc., the 53-unit smorgasbord chain based here, has reported profits for the fiscal year ended July 3 of $508,000, compared with a $1 million loss in the previous year.

Sales for the year increased 14% to $36.6 million.

Net income for the fourth quarter was $266,000, compared with $34,000 in last year's closing period. Quarterly revenues rose 23% to $9.7 million from $7.9 million a year ago.

Roger W. Houmes, IKT's president, ceo and chairman, credited a new marketing program and a revamped menu as the basis for sales boosts which reduced the company's need for high-interest borrowing.

Houmes said average restaurant customer counts were up 10% for the year and 5% in the fourth quarter, marking "the sixth consecutive quarter that customer count was greater than the year before."

King's Table reopened two restaurants in June, ending the year with 52 smorgasbord units in seven western states and one Oh Susannah's restaurant in Eugene.

Mr. Steak net drops 81% in qtr.

DENVER—Mr. Steak Inc. has reported an 81% drop in net income to $26,000 for the third quarter ended June 27 from $140,000 in the same period a year earlier. Revenues for 1982's third quarter were up 17% to $16.5 million.

There are 252 Mr. Steak restaurants in the United States and Canada. The company also processes and distributes beef and other food products, equipment and supplies to the food-service industry through wholly owned subsidiaries.

Domino's to undertake $27 million long-term construction program

ANN ARBOR, Mich.—Domino's Pizza says it will undertake a $27 million long-term expansion plan.

The first phase will be construction of 225 company-owned stores in the next 15 months, president Thomas Monaghan said.

Five banks are involved in financing the program, which calls for a $7 million revolving credit expiring on Dec. 31, 1983, and a $20 million loan from that date until Dec. 31, 1986.

Domino's began in 1960 with one store in Ypsilanti, Mich. There are now about 750 stores in 47 states. The chain specializes in free delivery of pizzas. Most units are near educational and military institutions.

Corporate revenues are projected at more than $125 million for 1982 and systemwide sales at $312 million.

Ryan's Steak profits up 26% for second qtr.

GREENVILLE, S.C.—Ryan's Family Steak Houses, reporting its first quarterly results since going public, said profits were up 26% to $197,000 and revenues up 6% to $2.3 million for the second quarter ended June 30, compared to the prior-year quarter.

Six month profits were up 33% to $407,000 and revenues up 6% to $4.2 million, compared to the year-ago period.

The nine-unit chain recently raised $3.7 million in an initial public offering of about 458,820 shares of common.

Acquisition of Abrams Meat by American Fruit expands service

ST. PAUL—The American Fruit and Produce Company based here has acquired Abrams Meat Distributors Inc. for an undisclosed sum. The purchase will enable American Fruit "to broaden our product line and expand service" in Minnesota, Iowa, Wisconsin, North Dakota and South Dakota, said company president Moe Sabes.

With the purchase, American Fruit acquired Abram's 20,000-sq.-ft. plant in Eau Claire, Wis. No personnel changes are planned, said Sabes, and Steve Abrams, who was president of Abrams Meat, has joined American Fruit as general manager of the Eau Claire facility.

American Fruit and Produce, founded in 1932, is the largest independent food distributor in the five-state Upper Midwest region and is among the top five independents nationally. It operates a 190,000-sq.-ft. warehouse and office facility in the St. Paul suburb of Eagan, plus nine sales outlets.

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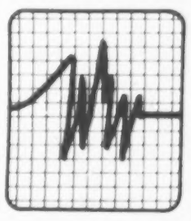

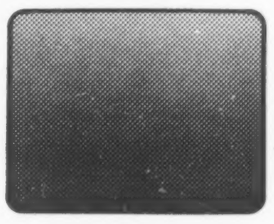

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2nd Research Report Confirms...

Fact: Operators rate quality and brand acceptance more important than ever.

Product quality, always a prime consideration, jumped 11 points higher in the most recent independent research than in an earlier study. And consumer brand acceptance soared 24 points in importance to the operators interviewed. Put these facts together with Heinz top ratings in quality and acceptance and it's clear why Heinz ketchup is the operator's best buy.

*Source: Lebhar-Friedman Research

Heinz
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SPECIAL MUFSO ISSUE

- ***Full preview of '82 conference—Pp. 129-135***
- ***Washington D.C. market study—Pp. 53-108***

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Big Three declare burger war

Meat scare hits McD—See story, Page 3

By Joe Edwards

Behind Burger King's brash and controversial taste-test advertising campaign is a recent history of flat sales, disenchanted franchisees and a corporate weariness about being the perennial No. 2 fast-food hamburger chain.

Behind the surprisingly combative reactions of McDonald's and Wendy's—each has sued Burger King for "false and misleading advertising"—is the growing testiness of many fast feeders trying to cope with pressures of the no-growth Eighties.

Burger King's advertising assertions have left many industry executives bewildered, concerned, amused or confused. Some agree with the comment of one Midwest operator who proclaimed, "It's all a publicity stunt" on the part of Burger King.

One knowledgeable industry observer, noting the taste-test is a first for a national food-service chain, commented: "Who are they fooling? No one goes to any of those places for a good hamburger."

"All three of them are wrong," exclaimed a Marriott Corp. executive. "Roy Rogers has the best hamburgers." (Marriott owns the Roy Rogers fast-food chain.)

Whatever its motives—publicity stunt or a corporate strategy to put the emphasis back on hamburgers after a year or two of promoting specialty sandwiches—Burger King certainly is getting more than its money's worth from the $20 million ad campaign.

Consumer media coverage of "The Great Burger Wars" has been building steadily since the first Burger King television commercial aired Sept. 27 claiming that Burger King's Whopper sandwich was preferred by consumers over McDonald's Big Mac and a similar Wendy's product in taste tests conducted by a private research firm.

After McDonald's and Wen-

(Continued on page 228)

Epcot puts novel emphasis on food

By Don Jeffrey and Charles Forman

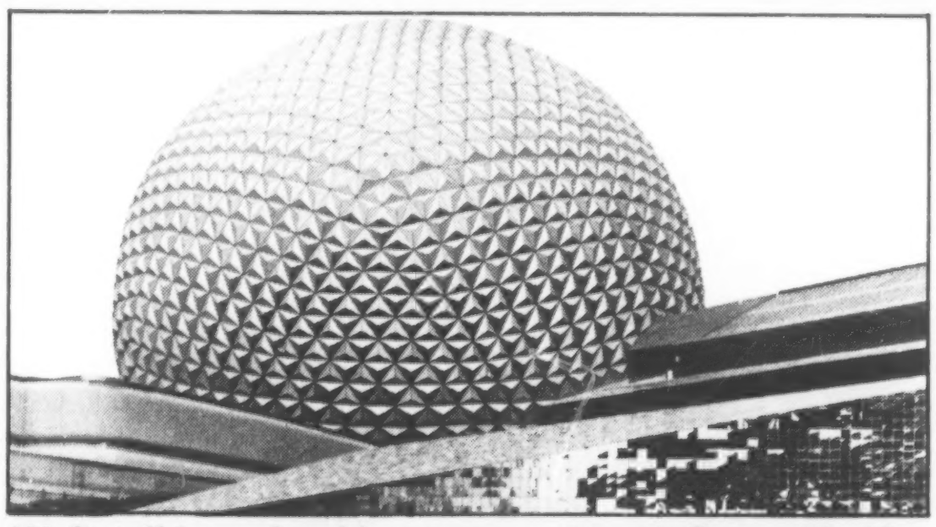
ORLANDO, Fla.—A few foul-ups left crowds intermittently milling beside shutdown attractions or suffering in lines at restaurants with empty seats, as Walt Disney Productions billion dollar Epcot Center opened this month.

Shakedown problems aside, though, tens of thousands who paid to enjoy opening weekend gaped approvingly at Disney's latest spectacular.

Company officials weren't unbuttoning their jackets, even so, because it's with Epcot they hope to give a sharp boost to their theme parks' attendance, which has been declining. (See story on theme park problems, page 136.)

Risk's nothing new to these executives—plopping the Magic Kingdom down here in the Florida swamps 11 years ago was a bigger gamble.

But the extent to which Epcot is dependent on food service is novel. Epcot could be called a food-service park with attractions. The 26 food-service spots at Epcot are expected to generate one-third of the whole complex's food-service revenues. For the fiscal year ended Sept. 30 these totaled about $125 million.



180-ft.-tall 'geosphere' is gateway to Epcot's Future World.

Crowds flocked to Farmer's Market food court on opening day.

Officials are expecting Epcot to help get 20 million hungry visitors to Walt Disney World this year alone, 52% more than last year. But so far, attendance is 5% off last year's pace.

The first crowds liked what they ate. Despite opening screw-ups they flocked to fast-food operations, stands, Farmer's Market food court and privately run, foreign-cuisine tablecloth restaurants.

(Continued on page 110)

Video pizza parlors may be passing fad, industry experts say

By Roman Czajkowsky

When Pizza Time executives told analysts last month that third-quarter earnings were likely to be flat compared with last year, the company's stock promptly nosedived by 7¼ to 16¼, then fell to 14.75 the next day.

Pizza Time founder and chairman Nolan Bushnell rushed to shore up crumbling investors' confidence. The restaurant cum video games and animated cartoon characters company, he declared, "remains profitable and sound financially," and added that Pizza Time was taking steps to improve operations, including boosting advertising and improving labor scheduling.

But two weeks after Pizza Time's Wall Street debacle, the investment community has remained skeptical. Doubts about the long-term outlook abound. Pizza Time's stock inched up a couple of points, but there was little indication it would quickly return to its earlier high.

Is the bloom already off the pizza-hamburger-kiddie games-video entertainment segment of the restaurant industry?

Hardly. Though the stock price also slumped a bit for ShowBiz Pizza, Pizza Times' closest competitor, it recovered almost immediately. There are no signs that either chain is slowing its hectic growth pace, now something on the order of two new units a week. Barring catastrophe, Pizza Time will have 200 restaurants operating by year's end; Brock Hotel-owned ShowBiz will have passed the 140-unit mark.

What's more, not a month seems to go by without another hopeful—independents as well as conglomerates—jumping into the fray to cash in on this newest, and perhaps most offbeat restaurant trend:

Jewelcor Inc., a diversified, public company, recently opened a 13,500-sq.-ft. facility in Hollywood, Fla., called the Circus Playhouse Restaurant; two more units are already going up in Atlanta.

University Properties Investment Corp., a real estate and construction firm, is building two "John Phillip Tuba's," one in Fort Lauderdale and the other in Clearwater; instead of featuring the pizza that's most commonly found at such con-

(Continued on page 227)

Directors tell NRA officials:

Develop future legislative battleplans

By Charles Bernstein

HOT SPRINGS, Va.—National Restaurant Association leaders were urged at the fall board meeting here to plan future alternative programs that could prevent the Government from stepping in and legislating such matters as the new tip reporting requirements. (See Editor's Corner, Page 6.)

While endorsing the efforts of NRA officials—particularly one-year president John Dankos, vice president and Government relations leader Joe Lee and executive vice president and staff chief Robert Neville—in achieving a compromise tip reporting plan, directors called for the drafting of specific plans to combat each future situation as it arises.

"My own feeling is that we do have a responsibility to see that our employees fully report their tips in this industry," said director Charles Muer of the Detroit-based 15-restaurant Muer Corp. "But we need to do some strategic planning next time in advance to have our own plan ready before the opposition takes over in matters like no smoking regulations."

Biff Naylor, who operates a number of southern California coffee shops, suggested that the NRA possibly could oppose some of the new tip reporting regulations and get them changed. "There may be many court challenges on this matter," he declared.

Michael Savvides, a director who operates the Black Angus restaurant of Virginia Beach, Va., warned that "it will be a lot of trouble for individual restaurants to track their taxes. I don't understand why I as a restaurateur should have to be the policeman for all my employees

(Continued on page 228)

LATE NEWSBREAKS

A Miami Federal judge denied McDonald's request for a temporary restraining order to bar Burger King's anti-Big Mac campaign from the airwaves but agreed to a November hearing on McD's permanent injunction request. (Earlier story, above.)

After three years of testing, Wendy's is entering the crowded chicken chain market nationally with an ambitious franchising program for its current 20-unit, Ohio-based Sisters Chicken & Biscuits. Sisters will be directly battling Mrs. Winner's, Grandy's, Horn & Hardart's Bojangles and other emerging "upscale" chicken and biscuit chains.

The economy has spun into a mini-depression with 11 million persons representing 10.1% of the work force unemployed in September. It was the highest unemployment rate reported in 42 years. But prime interest rates were heading below 13%, giving some encouragement to beleagured food-service operators who may want to expand.

Godfather's outpaces competition in key areas

By Charles Bernstein

NEW YORK—Eschewing games and gimmicks, Godfather's Pizza is outpacing competitors in food volume and return on investment.

This was the message delivered by 37-year-old chairman, president and founder William (Willie) Theisen, in an address to the New York Society of Security Analysts. The address carried extra impact since Godfather's has been soaring as an over-the-counter stock after it went public early this year and since it is one of the few food-service chains to appear before this prestige group.

Starting the chain in 1973 with one Omaha unit, Theisen has built it to the point where it ranks No. 2 in the increasingly crowded pizza segment, behind Pizza Hut, in number of units (764) and total sales (estimated at $400 million for the current year).

More importantly, the chain is averaging over $500,000 per unit annual sales (some of the newer ones are doing $1.3 million or $1.4 million), and net profits this year are heading for $7 million—a healthy percentage of a projected $40 million in revenues for the heavily franchised chain.

Despite the impressive figures, Theisen conceded that sales were flat this year on a comparative unit basis. "Perhaps we're down 1% or 2% because of economic conditions in the Midwest and the terrible blizzards on five weekends this winter," he declared, "but this is a short-term thing."

Godfather's Pizza founder and chairman William Theisen.

Godfather's lives by pizza although it long has had a salad bar and offers three sandwiches (for the convenience of family members who might want something other than pizza), soft drinks and beer.

"People come in here for pizza and not really for the other things," Theisen observed. "There are 8,100 calories in our largest 15-in. diameter pizza," he noted, "and nobody thinks that's too much."

The large-size, priced at $9.95, is intended for a family of four to six persons. "We want people to know exactly what they'll have to pay for a meal before they come in," Theisen stressed.

Theisen asserted that he had started video games in pizza parlors at his first Omaha Godfather's but that "we've kept it in perspective ever since with no more than three or four video games in each restaurant. We don't even count it in our sales or profits as somebody else runs it for us."

Assessing the competition, Theisen acknowledged "video parlors" (in particular ShowBiz Pizza and Pizza Time Theatre) but indicated he felt that "we've got them beaten on food by a wide margin, and that's what counts."

He also listed Pizza Hut, Straw Hat, Shakey's and Pizza Inn as "major chains," but indicated he was not worried about them. He views the really tough competition as "the one- and two-unit mom 'n pop operations in each locality," the local-delivery pizza places and 7-Eleven convenience stores with their widespread pizza capabilities."

Calling pizza the fastest-growing food-service category, Theisen said 40% of Godfather's volume is in carryout. "Pizza is ideal for carryout, more than hamburgers or chicken."

The key to Godfather's high return on investment is a low startup cost, with the initial package as low as $150,000. "We don't want any fancy red roof with arches," Theisen asserted. "Just a very basic building and pizza. We're heavily into strip shopping centers, and wherever possible we want to lease rather than own real estate."

Godfather's actually is achieving an extra-low investment cost by zeroing in on shuttered gas stations, mortuaries and the closed units of chains like Sambo's and Pizza Inn as prime sites.

A major strategic error, Theisen admitted, was switching from an Omaha advertising agency to a New York one last year. "Communications broke down between our Omaha headquarters and New York."

Theisen also conceded a challenge in the public's perception of Godfather's. "Less than 20% of consumers nationally even know who we are," he said, "but that problem should be solved as we keep expanding with 250 new restaurants each year."

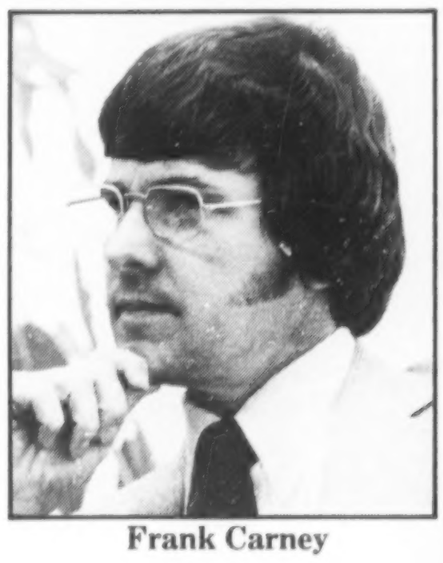
Frank Carney selling Chi-Chi's franchise

By Roman Czajkowsky

WICHITA, Kan.—Frank Carney, the 44-year-old cofounder of Pizza Hut who turned to tortilla chips and chili con queso two years ago, is selling his mid-Atlantic Chi-Chi's Mexican dinnerhouse franchise back to its parent.

The sale involves eight Chi-Chi's and three more under construction. In return, Carney will get about 400,000 of Chi-Chi's shares, worth about $8 million, and a seat on the company's board of directors. Louisville, Ky.-based Chi-Chi's operates and franchises a total of 69 restaurants.

But the boyish-looking entrepreneur, who in his spare time likes to take his life in his hands by competing as a professional sports car racer on the national circuit, won't be idle. He's indicated he might buy into another Chi-Chi's franchise, building it up and selling it back again, and he's investing in an Italian family dinnerhouse concept that will make its own pasta within view of customers. The first test unit is scheduled to debut next month in Kansas City.



Frank Carney

Carney bought the mid-Atlantic Chi-Chi's franchise in 1980 with a cash investment of $650,000, and built it into a thriving chain of eight stores each averaging $3 million a year, or about $500,000 more than other units in the system.

Carney founded Pizza Hut in 1958 with his older brother, Dan. After developing it into a more than 3,000 unit, multimillion dollar business, he sold the chain to PepsiCo in 1977 in a stock exchange valued at $300 million, of which nearly $16 million were Carney's share. Carney left PepsiCo in early 1980 after it hired Donald Smith, the former head of Burger King, to run its food-service division, which also included Taco Bell.

After leaving the pizza business, Carney also invested in gas and oil development, real estate and car dealerships.

Polack named senior vp at Brock

TOPEKA, Kan.—The Brock Hotel Corp. has promoted H. Samuel Polack to senior executive vice president and chief operating officer.

Brock owns more than 100 Show Biz Pizza Place units and franchises 53 Holiday Inns in addition to its own hotel properties.

The chairman, president, founder and chief executive officer is Robert L. Brock.

"I will continue as chief executive officer of this company," Brock said in a statement, "but the great growth of this company dictates that I share some of the top executive ability."

Polack, who is 41, had been executive vice president of operations and president of the hotel division. He joined the company 19 years ago as a desk clerk in a Holiday Inn and was named president of the hotel division in 1981.

Brock Corp., a public company, reported revenues of $165 million in 1981.

Angels' success is heaven for more than fans

Record attendance boosts concessions

ANAHEIM, Calif.—The California Angels baseball team, with record-setting attendance during the season's drive for the World Series, helped its food-service concessionaire score a $14 million-plus sales year, up nearly 100% over the last full season in 1980 (the 1981 season was strike-shortened).

Szabo Food Services Co., with a staff of 11 plus 600 on-call vendors, provides the concessions for city-owned Anaheim Stadium under a management contract. The company, with 450 contract operations nationwide, picked up about one-tenth of its total annual sales of $140 million from the Anaheim food and beverage operation alone. Szabo is the sole subsidiary of parent Oak Brook Consolidated Inc., based in Oak Brook, Ill.

The Angels drew an American League record of 2.8 million fans to their 1982 home games. Those crowds, plus an extra 120,000-odd rooters in two Los Angeles Rams games prior to the NFL strike, helped Szabo coast to its record year here of nearly $20 million, including sales of nonfood souvenir items.

Szabo's regional vice president Carmen Torzon said that 75%-80% of all revenues comes from sale of just four items out of about 30 food products it sells in the stadium. Those four—hotdogs, peanuts, beer and popcorn—make up most of the $4.25 average expenditure per person during the regular season. During post-season play and during other well-attended series during the season the average check was $5.50-$6.

Food costs in the ballpark were 22%-26%, typical figures for all of major league baseball, he said. Labor costs range from 18% to 22%; all other costs range from 7% to 12%. This leaves a minimum gross profit of 40%, which the company shares with the City of Anaheim. The city, in turn, gives a cut to the Angels and Rams organizations.

Szabo, successor to the 10-year regime of Canteen Corp., got the contract from the city in 1976 and renegotiated upon the arrival of NFL football two years ago for a contract running through 1986.

In the city, Szabo also provides concession services to the Anaheim Convention Center.

HIGHLIGHTS IN THIS ISSUE

6 The food-service industry should begin preparing now to overturn the disastrous tip reporting rule passed by Congress, urges *NRN* editor Charles Bernstein in an editorial.

11 Over 170 chain and independent restaurateurs left no stone unturned in their search for the perfect promotion at an NRA-sponsored conference last month.

21 Roy Rogers' expansion pace has quickened with the 'ahead of schedule' dismantling of Gino's and its conversion by parent Marriott Corp. into Roy Rogers units.

24 Gambling operations are no longer giving food and beverage sales a second-class status, and Harrah's is a prime example, notes Wine & Spirits columnist Mort Hochstein.

32 An influx of affluent young professionals into Denver has prompted this city's shift from culinary caution to inspired dining diversity.

151 In *NRN*'s second installment in our Great Wine Lists series, we take a look at Narsai David, a modern-day Bacchus whose life revolves around wine—with 60,000 bottles, he needs two wine lists and two warehouses.

183 For New York's Riese organization, concept comes second. Finding the right location is the 'heart and soul' of their $100 million business.

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